



STATE OF DELAWARE

PUBLIC SERVICE COMMISSION


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MEMORANDUM

TO: The Chairman and Members of the Commission

FROM: Lisa B. Driggins, Public Utilities Analyst 

DATE: April 15, 2015

SUBJECT: IN THE MATTER OF GRASSHOPPER GROUP, LLC –
APPLICATION FOR THE TRANSFER OF CONTROL OF
GRASSHOPPER GROUP, LLC TO CITRIX SYSTEMS, INC.
(FILED APRIL 6, 2015) - DOCKET- NO. 15-0893

Application:

On April 6, 2015, Grasshopper Group, LLC (“Grasshopper”), and Citrix Systems, Inc. (“Citrix”), collectively known as (“Applicants”) filed an application (the “Application”) seeking approval by the Delaware Public Service Commission (“Commission”) to transfer control of Grasshopper to Citrix.

Applicants:

Grasshopper Group, LLC

Grasshopper is a limited liability company organized under the law of the Commonwealth of Massachusetts. Grasshopper’s headquarters is located at 197 1st Avenue, Suite 200, Needham, MA 02494. Grasshopper provides integrated phone service solutions, voicemail processing, and other enhanced services to business end-users. Grasshopper received approval to operate in Delaware pursuant to commission Order granted in PSC order no. 8449 on August 27, 2013. See Exhibit A for Grasshoppers current ownership structure.

Citrix Systems, Inc.

Citrix is a Delaware corporation with its principal business address at 851 West Cypress Road, Fort Lauderdale, FL 33309. Citrix is leading the transition to software-defining the workplace, uniting virtualization, mobility management, networking, and SaaS solutions to enable new ways for businesses and people to work better. Citrix has two wholly-owned direct subsidiaries offering telecommunications services, Citrix Communication LLC (“Citrix Communication”) and Citrix Online Audio LLC (“Citrix Online Audio”), and one wholly-owned indirect telecommunications subsidiary, Citrix communications Virginia LLC. See Exhibit B for the current corporate structure for Citrix.

Transaction:

On March 30, 2015, Grasshopper entered into an Agreement with Citrix whereby Citrix has agreed to acquire all of the membership units of Grasshopper. This transaction resulted in Grasshopper becoming a wholly-owned subsidiary of Citrix. Citrix plans to retain most of Grasshopper’s current management responsible for the day-to-day operations of the business. Grasshopper will continue to provide service to its existing customers in Delaware under its existing authorization. See Exhibit C for a complete description of the post-transaction ownership structure of Grasshopper.

Public Interest:

The Applicant asserts that the public interest will be served. According to the Applicant, the proposed transaction will serve the public interest by promoting competition among telecommunication carriers by providing Grasshopper with the opportunity to strengthen its competitive position through the additional experience, perspectives, and resources of Citrix. The Applicants assert this Transaction will create a stronger competitor and will enable them to deliver greater value and variety of services to their customers. In addition, the Applicants plan to retain most of Grasshopper’s current management responsible for the day-to-day operations of the business. Furthermore, the Transaction will be transparent to customers and will not result in the discontinuance, reduction, loss, or impairment of service to customers.

Staff’s Recommendation:

Applications seeking approval of a transfer of control by large multi-state resellers of competitive intrastate telecommunications services technically come under the provisions of 26 Del. C. §215 because the companies are deemed to be public utilities. In addition, the Applicants have represented that Citrix has the managerial, technical and financial experience to acquire control of Grasshopper. The Commission has previously allowed such applications for approval of changes in control to become effective by statutory approval without Commission action. The result seems appropriate under the circumstances. Staff, therefore, recommends that the Commission not act on this application. Under 26 Del. C. §215(d), the effect will be that the application is deemed to be approved by the Commission.